

**IC 6-3.5-7**

**Chapter 7. County Economic Development Income Tax**

**IC 6-3.5-7-0.3**

**Legalization of certain county income tax council actions; legalization of certain capital improvement plans**

Sec. 0.3. The following are legalized and validated:

- (1) Any action taken by a county income tax council in adopting the county economic development income tax, if the action would have been valid under section 5 of this chapter, as amended by P.L.28-1993.
- (2) Any action of a county in adopting a capital improvement plan under section 15 of this chapter, if the action would have been valid under this chapter, as amended by P.L.28-1993.

*As added by P.L.220-2011, SEC.148.*

**IC 6-3.5-7-1**

**"Adjusted gross income"**

Sec. 1. (a) Except as otherwise provided in this section, as used in this chapter, "adjusted gross income" has the meaning set forth in IC 6-3-1-3.5(a).

(b) In the case of a county taxpayer who is not a resident of a county that has imposed the county economic development income tax, the term "adjusted gross income" includes only adjusted gross income derived from the taxpayer's principal place of business or employment.

(c) In the case of a county taxpayer who is a resident of Perry County, the term "adjusted gross income" does not include adjusted gross income that is:

- (1) earned in a county that is:
  - (A) located in another state; and
  - (B) adjacent to the county in which the taxpayer resides; and
- (2) subject to an income tax imposed by a county, city, town, or other local governmental entity in the other state.

*As added by P.L.380-1987(ss), SEC.6. Amended by P.L.66-1991, SEC.1; P.L.12-1992, SEC.29; P.L.170-2002, SEC.28; P.L.119-2012, SEC.46.*

**IC 6-3.5-7-1.5**

**Repealed**

*(Repealed by P.L.137-2012, SEC.89.)*

**IC 6-3.5-7-2**

**"County council"**

Sec. 2. As used in this chapter, "county council" includes the city-county council of a consolidated city.

*As added by P.L.380-1987(ss), SEC.6.*

**IC 6-3.5-7-3**

**"County taxpayer"**

Sec. 3. As used in this chapter, "county taxpayer" as it relates to a county for a year means any individual who:

- (1) resides in that county on the date specified in section 17 of this chapter; or
- (2) maintains a principal place of business or employment in that county on the date specified in section 17 of this chapter and who does not on that same date reside in another county in which the county adjusted gross income tax, the county option income tax, or the county economic development income tax is in effect.

*As added by P.L.380-1987(ss), SEC.6. Amended by P.L.22-1988, SEC.6.*

#### **IC 6-3.5-7-4**

##### **"Department"**

Sec. 4. As used in the chapter, "department" refers to the department of state revenue.

*As added by P.L.380-1987(ss), SEC.6.*

#### **IC 6-3.5-7-4.3**

##### **Repealed**

*(Repealed by P.L.137-2012, SEC.90; P.L.137-2012, SEC.134.)*

#### **IC 6-3.5-7-4.6**

##### **Repealed**

*(Repealed by P.L.137-2012, SEC.91.)*

#### **IC 6-3.5-7-4.7**

##### **Repealed**

*(Repealed by P.L.137-2012, SEC.92.)*

#### **IC 6-3.5-7-4.8**

##### **Repealed**

*(Repealed by P.L.137-2012, SEC.93.)*

#### **IC 6-3.5-7-4.9**

##### **Time within which to adopt ordinance; effective date of ordinances**

Sec. 4.9. (a) Notwithstanding any other provision of this chapter, a power granted by this chapter to adopt an ordinance to:

- (1) impose, increase, decrease, or rescind a tax or tax rate; or
- (2) grant, increase, decrease, rescind, or change a homestead credit or property tax replacement credit authorized under this chapter;

may be exercised at any time in a year before November 1 of that year.

(b) Notwithstanding any other provision of this chapter, an ordinance authorized by this chapter that imposes, increases, decreases, or rescinds a tax or a tax rate takes effect as follows:

- (1) An ordinance adopted after December 31 of the immediately preceding year and before September 1 of the current year takes

effect on October 1 of the current year.

(2) An ordinance adopted after August 31 and before November 1 of the current year takes effect on January 1 of the following year.

(c) Notwithstanding any other provision of this chapter, an ordinance authorized by this chapter that grants, increases, decreases, rescinds, or changes a homestead credit or property tax replacement credit authorized under this chapter takes effect for and applies to property taxes first due and payable in the year immediately following the year in which the ordinance is adopted.

(d) If the commissioner of the department determines that an ordinance described in subsection (b) was not adopted according to the requirements of this article or is otherwise not in compliance with this article:

(1) the commissioner shall:

(A) notify the county auditor that the ordinance was not adopted according to the requirements of this article or is not in compliance with this article; and

(B) specify the corrective action that must be taken for the ordinance to be adopted according to the requirements of this article and to be in compliance with this article; and

(2) the ordinance may not take effect until the corrective action is taken.

*As added by P.L.113-2010, SEC.66. Amended by P.L.261-2013, SEC.26.*

#### **IC 6-3.5-7-5**

#### **Imposition of tax; procedures; rate of tax; ordinance; effective date; vote**

Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. Except as provided in section 26(m) of this chapter, the entity that may impose the tax is:

(1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on October 1 of the year the county economic development income tax is imposed;

(2) the county council if the county adjusted gross income tax is in effect on October 1 of the year the county economic development tax is imposed; or

(3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in this section and section 28 of this chapter, the county economic development income tax may be imposed at a rate of:

(1) one-tenth percent (0.1%);

(2) two-tenths percent (0.2%);

- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in this section, the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in this section, the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must adopt an ordinance.

(e) The ordinance to impose the tax must substantially state the following:

"The \_\_\_\_\_ County \_\_\_\_\_ imposes the county economic development income tax on the county taxpayers of \_\_\_\_\_ County. The county economic development income tax is imposed at a rate of \_\_\_\_\_ percent (\_\_\_\_%) on the county taxpayers of the county.".

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(g) For Jackson County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(h) For Pulaski County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).

(i) For Wayne County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(j) This subsection applies to Randolph County. Except as provided in subsection (o), in addition to the rates permitted under subsection (b):

- (1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%);

and

(2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(k) For Daviess County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(l) For:

(1) Elkhart County; or

(2) Marshall County;

except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For Union County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) This subsection applies to Knox County. Except as provided in subsection (o), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and:

(A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or

(B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.

(o) This subsection applies to a county in which an adopting entity approves the use of the certified distribution for property tax relief under section 26(c) and 26(e) of this chapter or to a county in which the county fiscal body approves the use of the certified distribution to fund a public transportation project under section 26(m) of this chapter. In addition:

(1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

(2) the:

(A) county economic development income tax; and

(B) county option income tax or county adjusted gross income tax;

may be imposed at combined rates that exceed by not more than twenty-five hundredths percent (0.25%) the maximum combined rates that would otherwise apply under this section.

Except as provided in section 5.5 of this chapter, the additional rate imposed under this subsection may not exceed the amount necessary to mitigate the increased ad valorem property taxes on homesteads (as defined in IC 6-1.1-20.9-1 (repealed) before January 1, 2009, or IC 6-1.1-12-37 after December 31, 2008) or residential property (as defined in section 26 of this chapter), as appropriate under the ordinance adopted by the adopting body in the county, resulting from the deduction of the assessed value of inventory in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42 or from the exclusion in 2008 of inventory from the definition of personal property in IC 6-1.1-1-11.

(p) If the county economic development income tax is imposed as authorized under subsection (o) at a rate that exceeds the maximum rate that would otherwise apply under this section, the certified distribution must be used for a purpose provided in section 26 of this chapter to the extent that the certified distribution results from the difference between:

- (1) the actual county economic development tax rate; and
- (2) the maximum rate that would otherwise apply under this section.

(q) This subsection applies only to a county described in section 27 of this chapter. Except as provided in subsection (o), in addition to the rates permitted by subsection (b), the:

- (1) county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and
- (2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 27 of this chapter.

(r) Except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.

(s) This subsection applies to Howard County. Except as provided in subsection (o), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(t) This subsection applies to Scott County. Except as provided in subsection (o), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(u) This subsection applies to Jasper County. Except as provided in subsection (o), the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(v) An additional county economic development income tax rate imposed under section 28 of this chapter may not be considered in calculating any limit under this section on the sum of:

(1) the county economic development income tax rate plus the county adjusted gross income tax rate; or

(2) the county economic development tax rate plus the county option income tax rate.

(w) The income tax rate limits imposed by subsection (c) or (x) or any other provision of this chapter do not apply to:

(1) a county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or

(2) a county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

For purposes of computing the maximum combined income tax rate under subsection (c) or (x) or any other provision of this chapter that may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this chapter, a county's county adjusted gross income tax rate or county option income tax rate for a particular year does not include the county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or the county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

(x) This subsection applies to Monroe County. Except as provided in subsection (o), if an ordinance is adopted under IC 6-3.5-6-33, the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(y) This subsection applies to Perry County. Except as provided in subsection (o), if an ordinance is adopted under section 27.5 of this chapter, the county economic development income tax rate plus the county option income tax rate that is in effect on January 1 of a year may not exceed one and seventy-five hundredths percent (1.75%).

(z) This subsection applies to Starke County. Except as provided in subsection (o), if an ordinance is adopted under section 27.6 of this chapter, the county economic development income tax rate plus the county adjusted gross income tax rate that is in effect on January 1 of a year may not exceed two percent (2%).

*As added by P.L.380-1987(ss), SEC.6. Amended by P.L.35-1990, SEC.20; P.L.28-1993, SEC.8; P.L.44-1994, SEC.6; P.L.99-1995, SEC.1; P.L.119-1998, SEC.11; P.L.135-2001, SEC.6; P.L.291-2001, SEC.179; P.L.185-2001, SEC.3; P.L.1-2002, SEC.34; P.L.178-2002, SEC.68; P.L.192-2002(ss), SEC.121; P.L.42-2003, SEC.5; P.L.224-2003, SEC.254; P.L.97-2004, SEC.31; P.L.214-2005, SEC.20; P.L.162-2006, SEC.33; P.L.184-2006, SEC.8; P.L.1-2007, SEC.65; P.L.224-2007, SEC.87; P.L.232-2007, SEC.3; P.L.3-2008, SEC.62; P.L.146-2008, SEC.344; P.L.77-2011, SEC.24;*

*P.L.199-2011, SEC.1; P.L.119-2012, SEC.48; P.L.137-2012, SEC.94; P.L.261-2013, SEC.27; P.L.153-2014, SEC.12.*

#### **IC 6-3.5-7-5.5**

##### **Limits on additional rate to mitigate the effect of inventory deduction do not apply to additional tax rate for public transportation**

Sec. 5.5. (a) This section applies to Hamilton County and Marion County.

(b) If an additional tax rate is imposed under section 5(o) of this chapter:

(1) by a county subject to this section; and

(2) for the purpose described in section 26(m) of this chapter; the additional tax rate is not subject to the limitations set forth in section 5(o) of this chapter that relate to increased ad valorem property taxes on homesteads or residential property resulting from the exclusion of inventory from the definition of personal property in IC 6-1.1-1-11.

*As added by P.L.153-2014, SEC.13.*

#### **IC 6-3.5-7-6**

##### **Rate decrease or increase; limitations; ordinance; vote**

Sec. 6. (a) The body imposing the tax may decrease or increase the county economic development income tax rate imposed upon the county taxpayers as long as the resulting rate does not exceed the rates specified in section 5(b) and 5(c) of this chapter. The rate imposed under this section must be adopted at one (1) of the rates specified in section 5(b) of this chapter. To decrease or increase the rate, the appropriate body must adopt an ordinance. The ordinance must substantially state the following:

"The \_\_\_\_\_ County \_\_\_\_\_ increases (decreases) the county economic development income tax rate imposed upon the county taxpayers of the county from \_\_\_\_\_ percent (\_\_\_\_%) to \_\_\_\_\_ percent (\_\_\_\_%)."

(b) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

*As added by P.L.380-1987(ss), SEC.6. Amended by P.L.35-1990, SEC.21; P.L.44-1994, SEC.7; P.L.99-1995, SEC.2; P.L.119-1998, SEC.12; P.L.224-2007, SEC.88; P.L.77-2011, SEC.25; P.L.137-2012, SEC.95; P.L.261-2013, SEC.28.*

#### **IC 6-3.5-7-7**

##### **Tax effective until rescission; rescinding ordinance; vote**

Sec. 7. (a) The county economic development income tax imposed under this chapter remains in effect until rescinded.



(b) Subject to section 14 of this chapter, the body imposing the county economic development income tax may rescind the tax by adopting an ordinance.

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

*As added by P.L.380-1987(ss), SEC.6. Amended by P.L.35-1990, SEC.22; P.L.28-1997, SEC.19; P.L.224-2007, SEC.89; P.L.77-2011, SEC.26; P.L.137-2012, SEC.96; P.L.261-2013, SEC.29.*

### **IC 6-3.5-7-8**

#### **Tax effective for less than taxable year; calculation**

Sec. 8. If the county economic development income tax is not in effect during a county taxpayer's entire taxable year, then the amount of county economic development income tax that the county taxpayer owes for that taxable year equals the product of:

- (1) the amount of county economic development income tax the county taxpayer would owe if the tax had been imposed during the county taxpayer's entire taxable year; multiplied by
- (2) a fraction. The numerator of the fraction equals the number of days during the county taxpayer's taxable year during which the county economic development income tax was in effect. The denominator of the fraction equals three hundred sixty-five (365).

*As added by P.L.380-1987(ss), SEC.6.*

### **IC 6-3.5-7-8.1**

#### **Credit for taxes imposed by local governmental entities outside Indiana**

Sec. 8.1. (a) This section applies to a taxable year beginning after December 31, 2014.

(b) Except as provided in subsection (c), if for a particular taxable year a county taxpayer is liable for an income tax imposed by a county, city, town, or other local governmental entity located outside Indiana, that county taxpayer is entitled to a credit against the county taxpayer's county economic development income tax liability for that same taxable year. The amount of the credit equals the amount of tax imposed by the other governmental entity on income derived from sources outside Indiana and subject to the county economic development income tax. However, the credit provided by this section may not reduce a county taxpayer's economic development income tax liability to an amount less than would have been owed if the income subject to taxation by the other governmental entity had been ignored.

(c) The credit provided by this section does not apply to a county taxpayer to the extent that the other governmental entity described in

subsection (b) provides for a credit to the taxpayer for the amount of county economic development income taxes owed under this chapter.

(d) To claim the credit provided by this section, a county taxpayer must provide the department with satisfactory evidence that the county taxpayer is entitled to the credit.

*As added by P.L.190-2014, SEC.23.*

#### **IC 6-3.5-7-9**

##### **Credit for the elderly or persons with a total disability; computation**

Sec. 9. (a) If for a taxable year a county taxpayer is (or a county taxpayer and a county taxpayer's spouse who file a joint return are) allowed a credit for the elderly or individuals with a total disability under Section 22 of the Internal Revenue Code, the county taxpayer is (or the county taxpayer and the county taxpayer's spouse are) entitled to a credit against the county taxpayer's (or the county taxpayer's and the county taxpayer's spouse's) county economic development income tax liability for that same taxable year. The amount of the credit equals the lesser of:

(1) the product of:

(A) the county taxpayer's (or the county taxpayer's and the county taxpayer's spouse's) credit for the elderly or individuals with a total disability for that same taxable year; multiplied by

(B) a fraction. The numerator of the fraction is the county economic development income tax rate imposed against the county taxpayer (or against the county taxpayer and the county taxpayer's spouse). The denominator of the fraction is fifteen-hundredths (0.15); or

(2) the amount of county economic development income tax imposed on the county taxpayer (or the county taxpayer and the county taxpayer's spouse).

(b) If a county taxpayer and the county taxpayer's spouse file a joint return and are subject to different county economic development income tax rates for the same taxable year, they shall compute the credit under this section by using the formula provided by subsection (a), except that they shall use the average of the two (2) county economic development income tax rates imposed against them as the numerator referred to in subsection (a)(1)(B).

*As added by P.L.380-1987(ss), SEC.6. Amended by P.L.63-1988, SEC.11; P.L.99-2007, SEC.29.*

#### **IC 6-3.5-7-10**

##### **County economic development income tax special account**

Sec. 10. (a) A special account within the state general fund shall be established for each county adopting the county economic development income tax. Any revenue derived from the imposition of the county economic development income tax by a county shall be credited to that county's account in the state general fund.

(b) Any income earned on money credited to an account under

subsection (a) becomes a part of that account.

(c) Any revenue credited to an account established under subsection (a) at the end of a fiscal year may not be credited to any other account in the state general fund.

*As added by P.L.380-1987(ss), SEC.6.*

#### **IC 6-3.5-7-10.5**

##### **Annual report to county auditor**

Sec. 10.5. Before October 2 of each year, the department shall submit a report to each county auditor indicating the balance in the county's special account as of the cutoff date set by the budget agency.

*As added by P.L.178-2002, SEC.69. Amended by P.L.267-2003, SEC.12.*

#### **IC 6-3.5-7-11**

##### **Calculation of certified distribution; summary of calculation; notice to county auditor; notice to taxing units**

Sec. 11. (a) Revenue derived from the imposition of the county economic development income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it.

(b) Before August 2 of each calendar year, the budget agency shall provide to the county auditor of each adopting county an estimate of the amount determined under subsection (a) that will be distributed to the county, based on known tax rates. Not later than thirty (30) days after receiving the estimate of the certified distribution, the county auditor shall notify each taxing unit entitled to receive a distribution under this chapter of the estimated amount of the distribution and other revenue that will be distributed to the taxing unit under this chapter during the ensuing calendar year. Before October 1 of each calendar year, the budget agency shall certify to the county auditor of each adopting county the sum of the amount of county economic development income tax revenue that the budget agency determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted for refunds of county economic development income tax made in the state fiscal year plus the amount of interest in the county's account that has been accrued and has not been included in a certification made in a preceding year. The amount certified is the county's certified distribution, which shall be distributed on the dates specified in section 16 of this chapter for the following calendar year.

(c) The amount certified under subsection (b) shall be adjusted under subsections (d), (e), (f), and (g). Not later than thirty (30) days after receiving the notice of the amount of the certified distribution, the county auditor shall notify each taxing unit entitled to receive a distribution under this chapter of the amount of distribution and other

revenue that will be distributed to the taxing unit under this chapter during the ensuing calendar year. The budget agency shall provide the county council with an informative summary of the calculations used to determine the certified distribution. The summary of calculations must include:

- (1) the amount reported on individual income tax returns processed by the department during the previous fiscal year;
- (2) adjustments for over distributions in prior years;
- (3) adjustments for clerical or mathematical errors in prior years;
- (4) adjustments for tax rate changes; and
- (5) the amount of excess account balances to be distributed under IC 6-3.5-7-17.3.

(d) The budget agency shall certify an amount less than the amount determined under subsection (b) if the budget agency determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The budget agency may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(e) The budget agency shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The budget agency may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(f) The budget agency shall adjust the certified distribution of a county to provide the county with the amount of any tax increase imposed under section 26 of this chapter to provide additional homestead credits as provided in those provisions.

(g) This subsection applies to a county that imposes, increases, decreases, or rescinds a tax or tax rate under this chapter before November 1 in the same calendar year in which the budget agency makes a certification under this section. The budget agency shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in subsection (b)(1) through (b)(2) in the manner provided in subsection (d). If the county imposes, increases, decreases, or rescinds a tax or tax rate under this chapter after the date for which a certification under subsection (b) is based, the budget agency shall adjust the certified distribution of the county after September 30 of the calendar year. The adjustment shall reflect any other adjustment authorized under subsections (c), (d), (e), and (f). The adjusted certification shall be treated as the county's certified distribution for the immediately succeeding calendar year. The budget agency shall certify the adjusted certified distribution to the county auditor for the county and provide the county council with an informative summary of the

calculations that revises the informative summary provided in subsection (c) and reflects the changes made in the adjustment.

(h) The budget agency shall before May 1 of every odd-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following two (2) calendar years.

(i) The budget agency shall before May 1 of every even-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following calendar year.

(j) The estimates under subsections (h) and (i) must specify the amount of the estimated certified distributions that are attributable to any additional rates authorized under this chapter.

*As added by P.L.380-1987(ss), SEC.6. Amended by P.L.267-2003, SEC.13; P.L.207-2005, SEC.9; P.L.146-2008, SEC.345; P.L.1-2009, SEC.54; P.L.182-2009(ss), SEC.228; P.L.113-2010, SEC.67; P.L.229-2011, SEC.92; P.L.137-2012, SEC.97; P.L.261-2013, SEC.30.*

### **IC 6-3.5-7-12**

#### **Certified distribution; amount; adoption of ordinance; exception; fractional amounts**

Sec. 12. (a) Except as provided in sections 23, 26, 27, 27.5, 27.6, and 28 of this chapter, the county auditor shall distribute in the manner specified in this section the certified distribution to the county.

(b) Except as provided in subsections (c) and (h) and section 15 of this chapter, and subject to adjustment as provided in IC 36-8-19-7.5, the amount of the certified distribution that the county and each city or town in a county is entitled to receive each month of each year equals the product of the following:

(1) The amount of the certified distribution for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of:  
(A) total property taxes that are first due and payable to the county, city, or town during the calendar year in which the month falls; plus

(B) for a county, the welfare allocation amount.

The denominator of the fraction equals the sum of the total property taxes that are first due and payable to the county and all cities and towns of the county during the calendar year in which the month falls, plus the welfare allocation amount. The welfare allocation amount is an amount equal to the sum of the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund and, if the county received a certified distribution under this chapter in 2008, the property taxes imposed by the county in 2008 for the county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund, and children with

special health care needs county fund.

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before August 2 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

(1) The ordinance is effective January 1 of the following year.  
(2) Except as provided in section 26 of this chapter, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during each month of each year equals the product of:

(A) the amount of the certified distribution for the month; multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of the county that is not located in a city or town. The denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population of the part of the county that is not located in a city or town.

(3) The ordinance may be made irrevocable for the duration of specified lease rental or debt service payments.

(d) The body imposing the tax may not adopt an ordinance under subsection (c) if, before the adoption of the proposed ordinance, any of the following have pledged the county economic development income tax for any purpose permitted by IC 5-1-14 or any other statute:

(1) The county.

(2) A city or town in the county.

(3) A commission, a board, a department, or an authority that is authorized by statute to pledge the county economic development income tax.

(e) The department of local government finance shall provide each county auditor with the fractional amount of the certified distribution that the county and each city or town in the county is entitled to receive under this section.

(f) Money received by a county, city, or town under this section shall be deposited in the unit's economic development income tax fund.

(g) Except as provided in subsection (b)(2)(B), in determining the fractional amount of the certified distribution the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property subject to assessment in that county.

(h) In a county having a consolidated city, only the consolidated city is entitled to the certified distribution, subject to the requirements of sections 15 and 26 of this chapter.

*As added by P.L.380-1987(ss), SEC.6. Amended by P.L.47-1992, SEC.1; P.L.28-1993, SEC.9; P.L.99-1995, SEC.3; P.L.124-1999, SEC.1; P.L.273-1999, SEC.74; P.L.14-2000, SEC.18; P.L.283-2001, SEC.6; P.L.90-2002, SEC.298; P.L.120-2002, SEC.6; P.L.192-2002(ss), SEC.122; P.L.224-2003, SEC.255; P.L.255-2003, SEC.6; P.L.97-2004, SEC.32; P.L.232-2007, SEC.4; P.L.146-2008, SEC.346; P.L.182-2009(ss), SEC.229; P.L.77-2011, SEC.27; P.L.199-2011, SEC.2; P.L.137-2012, SEC.98.*

#### **IC 6-3.5-7-12.7**

##### **Transfers from economic development income tax funds**

Sec. 12.7. (a) Subject to subsection (b), the executive of a county, by resolution or ordinance, or the executive of a city or town may at any time transfer to:

- (1) its general fund; or
- (2) any other fund of the county, city, or town that the executive serves;

money that has been deposited in the economic development income tax fund established by the county, city, or town under section 13.1 of this chapter. The executive shall adjust the unit's capital improvement plan adopted under section 15 of this chapter to reflect the transfer. After appropriation of the money by the fiscal body of the county, city, or town in a budget or supplemental budget (as required by law), the money transferred under this section may be used for the purposes of the fund to which the money is transferred.

(b) A unit may not transfer money under subsection (a) if the amount transferred would impair the unit's ability to satisfy any debts, liabilities, or obligations for which county economic development income taxes are pledged or otherwise encumbered, including transfers required by IC 36-7.5-4-2.

*As added by P.L.53-2011, SEC.1. Amended by P.L.36-2013, SEC.1.*

#### **IC 6-3.5-7-13**

##### **Repealed**

*(Repealed by P.L.1-1990, SEC.80.)*

#### **IC 6-3.5-7-13.1**

##### **Economic development income tax funds; deposits; uses**

Sec. 13.1. (a) The fiscal officer of each county, city, or town for a county in which the county economic development tax is imposed shall establish an economic development income tax fund. Except as provided in sections 23, 26, 27, 27.5, and 27.6 of this chapter, the revenue received by a county, city, or town under this chapter shall be deposited in the unit's economic development income tax fund.

(b) As used in this subsection, "homestead" means a homestead that is eligible for a standard deduction under IC 6-1.1-12-37. Except as provided in sections 15, 23, 26, 27, 27.5, and 27.6 of this chapter, revenues from the county economic development income tax may be used as follows:

- (1) By a county, city, or town for economic development

projects, for paying, notwithstanding any other law, under a written agreement all or a part of the interest owed by a private developer or user on a loan extended by a financial institution or other lender to the developer or user if the proceeds of the loan are or are to be used to finance an economic development project, for the retirement of bonds under section 14 of this chapter for economic development projects, for leases under section 21 of this chapter, or for leases or bonds entered into or issued prior to the date the economic development income tax was imposed if the purpose of the lease or bonds would have qualified as a purpose under this chapter at the time the lease was entered into or the bonds were issued.

(2) By a county, city, or town for:

(A) the construction or acquisition of, or remedial action with respect to, a capital project for which the unit is empowered to issue general obligation bonds or establish a fund under any statute listed in IC 6-1.1-18.5-9.8;

(B) the retirement of bonds issued under any provision of Indiana law for a capital project;

(C) the payment of lease rentals under any statute for a capital project;

(D) contract payments to a nonprofit corporation whose primary corporate purpose is to assist government in planning and implementing economic development projects;

(E) operating expenses of a governmental entity that plans or implements economic development projects;

(F) to the extent not otherwise allowed under this chapter, funding substance removal or remedial action in a designated unit; or

(G) funding of a revolving fund established under IC 5-1-14-14.

(3) By a county, city, or town for any lawful purpose for which money in any of its other funds may be used.

(4) By a city or county described in IC 36-7.5-2-3(b) for making transfers required by IC 36-7.5-4-2. If the county economic development income tax rate is increased after April 30, 2005, in Porter County, the first three million five hundred thousand dollars (\$3,500,000) of the tax revenue that results each year from the tax rate increase shall be used by the county or by eligible municipalities (as defined in IC 36-7.5-1-11.3) in the county only to make the county's transfer required by IC 36-7.5-4-2. The first three million five hundred thousand dollars (\$3,500,000) of the tax revenue that results each year from the tax rate increase shall be paid by the county treasurer to the treasurer of the northwest Indiana regional development authority under IC 36-7.5-4-2 before certified distributions are made to the county or any cities or towns in the county under this chapter from the tax revenue that results each year from the tax rate increase. If Porter County ceases to be a member of the northwest Indiana regional development authority under



IC 36-7.5 but two (2) or more municipalities in the county have become members of the northwest Indiana regional development authority as authorized by IC 36-7.5-2-3(i), the county treasurer shall continue to transfer the three million five hundred thousand dollars (\$3,500,000) to the treasurer of the northwest Indiana regional development authority under IC 36-7.5-4-2 before certified distributions are made to the county or any cities or towns in the county. In Porter County, all of the tax revenue that results each year from the tax rate increase that is in excess of the first three million five hundred thousand dollars (\$3,500,000) that results each year from the tax rate increase must be used by the county and cities and towns in the county for homestead credits under subdivision (5).

(5) This subdivision applies only in Porter County. All of the tax revenue that results each year from a tax rate increase described in subdivision (4) that is in excess of the first three million five hundred thousand dollars (\$3,500,000) that results each year from the tax rate increase must be used by the county and cities and towns in the county for homestead credits under this subdivision. The following apply to homestead credits provided under this subdivision:

(A) The homestead credits must be applied uniformly to provide a homestead credit for homesteads in the county, city, or town.

(B) The homestead credits shall be treated for all purposes as property tax levies.

(C) The homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1.

(D) The department of local government finance shall determine the homestead credit percentage for a particular year based on the amount of county economic development income tax revenue that will be used under this subdivision to provide homestead credits in that year.

(6) This subdivision applies only in Lake County. The county or a city or town in the county may use county economic development income tax revenue to provide homestead credits in the county, city, or town. The following apply to homestead credits provided under this subdivision:

(A) The county, city, or town fiscal body must adopt an ordinance authorizing the homestead credits. The ordinance must specify the amount of county economic development income tax revenue that will be used to provide homestead credits in the following year.

(B) The county, city, or town fiscal body that adopts an ordinance under this subdivision must forward a copy of the ordinance to the county auditor and the department of local government finance not more than thirty (30) days after the

ordinance is adopted.

(C) The homestead credits must be applied uniformly to increase the homestead credit under IC 6-1.1-20.9 (repealed) for homesteads in the county, city, or town (for property taxes first due and payable before January 1, 2009) or to provide a homestead credit for homesteads in the county, city, or town (for property taxes first due and payable after December 31, 2008).

(D) The homestead credits shall be treated for all purposes as property tax levies.

(E) The homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1.

(F) The department of local government finance shall determine the homestead credit percentage for a particular year based on the amount of county economic development income tax revenue that will be used under this subdivision to provide homestead credits in that year.

(7) For a regional venture capital fund established under section 13.5 of this chapter or a local venture capital fund established under section 13.6 of this chapter.

(8) This subdivision applies only to LaPorte County, if:

(A) the county fiscal body has adopted an ordinance under IC 36-7.5-2-3(e) providing that the county is joining the northwest Indiana regional development authority; and

(B) the fiscal body of the city described in IC 36-7.5-2-3(e) has adopted an ordinance under IC 36-7.5-2-3(e) providing that the city is joining the development authority.

Revenue from the county economic development income tax may be used by a county or a city described in this subdivision for making transfers required by IC 36-7.5-4-2. In addition, if the county economic development income tax rate is increased after June 30, 2006, in the county, the first three million five hundred thousand dollars (\$3,500,000) of the tax revenue that results each year from the tax rate increase shall be used by the county only to make the county's transfer required by IC 36-7.5-4-2. The first three million five hundred thousand dollars (\$3,500,000) of the tax revenue that results each year from the tax rate increase shall be paid by the county treasurer to the treasurer of the northwest Indiana regional development authority under IC 36-7.5-4-2 before certified distributions are made to the county or any cities or towns in the county under this chapter from the tax revenue that results each year from the tax rate increase. All of the tax revenue that results each year from the tax rate increase that is in excess of the first three million five hundred thousand dollars (\$3,500,000) that results each year from the tax rate increase must be used by the county and cities and towns in the county for homestead credits under

subdivision (9).

(9) This subdivision applies only to LaPorte County. All of the tax revenue that results each year from a tax rate increase described in subdivision (8) that is in excess of the first three million five hundred thousand dollars (\$3,500,000) that results each year from the tax rate increase must be used by the county and cities and towns in the county for homestead credits under this subdivision. The following apply to homestead credits provided under this subdivision:

(A) The homestead credits must be applied uniformly to provide a homestead credit for homesteads in the county, city, or town.

(B) The homestead credits shall be treated for all purposes as property tax levies.

(C) The homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1.

(D) The department of local government finance shall determine the homestead credit percentage for a particular year based on the amount of county economic development income tax revenue that will be used under this subdivision to provide homestead credits in that year.

(c) As used in this section, an economic development project is any project that:

(1) the county, city, or town determines will:

(A) promote significant opportunities for the gainful employment of its citizens;

(B) attract a major new business enterprise to the unit; or

(C) retain or expand a significant business enterprise within the unit; and

(2) involves an expenditure for:

(A) the acquisition of land;

(B) interests in land;

(C) site improvements;

(D) infrastructure improvements;

(E) buildings;

(F) structures;

(G) rehabilitation, renovation, and enlargement of buildings and structures;

(H) machinery;

(I) equipment;

(J) furnishings;

(K) facilities;

(L) administrative expenses associated with such a project, including contract payments authorized under subsection (b)(2)(D);

(M) operating expenses authorized under subsection (b)(2)(E); or

(N) to the extent not otherwise allowed under this chapter, substance removal or remedial action in a designated unit; or any combination of these.

(d) If there are bonds outstanding that have been issued under section 14 of this chapter or leases in effect under section 21 of this chapter, the county or a city or town may not expend money from its economic development income tax fund for a purpose authorized under subsection (b)(3) in a manner that would adversely affect owners of the outstanding bonds or payment of any lease rentals due. *As added by P.L.1-1990, SEC.81. Amended by P.L.17-1991, SEC.9; P.L.44-1994, SEC.8; P.L.27-1995, SEC.6; P.L.124-1999, SEC.2; P.L.192-2002(ss), SEC.123; P.L.224-2003, SEC.256; P.L.118-2005, SEC.2; P.L.214-2005, SEC.21; P.L.47-2006, SEC.4; P.L.1-2006, SEC.145; P.L.137-2006, SEC.11; P.L.1-2007, SEC.66; P.L.146-2008, SEC.347; P.L.182-2009(ss), SEC.227; P.L.77-2011, SEC.28; P.L.199-2011, SEC.3; P.L.119-2012, SEC.49; P.L.137-2012, SEC.99.*

### **IC 6-3.5-7-13.5**

#### **Regional venture capital funds**

Sec. 13.5. (a) The general assembly finds that counties and municipalities in Indiana have a need to foster economic development, the development of new technology, and industrial and commercial growth. The general assembly finds that it is necessary and proper to provide an alternative method for counties and municipalities to foster the following:

- (1) Economic development.
- (2) The development of new technology.
- (3) Industrial and commercial growth.
- (4) Employment opportunities.
- (5) The diversification of industry and commerce.

The fostering of economic development and the development of new technology under this section or section 13.6 of this chapter for the benefit of the general public, including industrial and commercial enterprises, is a public purpose.

(b) The fiscal bodies of two (2) or more counties or municipalities may, by resolution, do the following:

- (1) Determine that part or all the taxes received by the units under this chapter should be combined to foster:
  - (A) economic development;
  - (B) the development of new technology; and
  - (C) industrial and commercial growth.
- (2) Establish a regional venture capital fund.

(c) Each unit participating in a regional venture capital fund established under subsection (b) may deposit the following in the fund:

- (1) Taxes distributed to the unit under this chapter.
- (2) The proceeds of public or private grants.

(d) A regional venture capital fund shall be administered by a governing board. The expenses of administering the fund shall be

paid from money in the fund. The governing board shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited into the fund. The fund is subject to an annual audit by the state board of accounts. The fund shall bear the full costs of the audit.

(e) The fiscal body of each participating unit shall approve an interlocal agreement created under IC 36-1-7 establishing the terms for the administration of the regional venture capital fund. The terms must include the following:

- (1) The membership of the governing board.
- (2) The amount of each unit's contribution to the fund.
- (3) The procedures and criteria under which the governing board may loan or grant money from the fund.
- (4) The procedures for the dissolution of the fund and for the distribution of money remaining in the fund at the time of the dissolution.

(f) An interlocal agreement made by the participating units under subsection (e) must provide that:

- (1) each of the participating units is represented by at least one member of the governing board; and
- (2) the membership of the governing board is established on a bipartisan basis so that the number of the members of the governing board who are members of one (1) political party may not exceed the number of members of the governing board required to establish a quorum.

(g) A majority of the governing board constitutes a quorum, and the concurrence of a majority of the governing board is necessary to authorize any action.

(h) An interlocal agreement made by the participating units under subsection (e) must be submitted to the Indiana economic development corporation for approval before the participating units may contribute to the fund.

(i) A majority of members of a governing board of a regional venture capital fund established under this section must have at least five (5) years of experience in business, finance, or venture capital.

(j) The governing board of the fund may loan or grant money from the fund to a private or public entity if the governing board finds that the loan or grant will be used by the borrower or grantee for at least one (1) of the following economic development purposes:

- (1) To promote significant employment opportunities for the residents of the units participating in the regional venture capital fund.
- (2) To attract a major new business enterprise to a participating unit.
- (3) To develop, retain, or expand a significant business enterprise in a participating unit.

(k) The expenditures of a borrower or grantee of money from a regional venture capital fund that are considered to be for an economic development purpose include expenditures for any of the

following:

- (1) Research and development of technology.
- (2) Job training and education.
- (3) Acquisition of property interests.
- (4) Infrastructure improvements.
- (5) New buildings or structures.
- (6) Rehabilitation, renovation, or enlargement of buildings or structures.
- (7) Machinery, equipment, and furnishings.
- (8) Funding small business development with respect to:
  - (A) prototype products or processes;
  - (B) marketing studies to determine the feasibility of new products or processes; or
  - (C) business plans for the development and production of new products or processes.

*As added by P.L.137-2006, SEC.12.*

### **IC 6-3.5-7-13.6**

#### **Local venture capital funds**

Sec. 13.6. (a) The fiscal body of a county or municipality may, by resolution, establish a local venture capital fund.

(b) A unit establishing a local venture capital fund under subsection (a) may deposit the following in the fund:

- (1) Taxes distributed to the unit under this chapter.
- (2) The proceeds of public or private grants.

(c) A local venture capital fund shall be administered by a governing board. The expenses of administering the fund shall be paid from money in the fund. The governing board shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited into the fund. The fund is subject to an annual audit by the state board of accounts. The fund shall bear the full costs of the audit.

(d) The fiscal body of a unit establishing a local venture capital fund under subsection (a) shall establish the terms for the administration of the local venture capital fund. The terms must include the following:

- (1) The membership of the governing board.
- (2) The amount of the unit's contribution to the fund.
- (3) The procedures and criteria under which the governing board may loan or grant money from the fund.
- (4) The procedures for the dissolution of the fund and for the distribution of money remaining in the fund at the time of the dissolution.

(e) A unit establishing a local venture capital fund under subsection (a) must be represented by at least one (1) member of the governing board.

(f) The membership of the governing board must be established on a bipartisan basis so that the number of the members of the governing board who are members of one (1) political party may not exceed the

number of members of the governing board required to establish a quorum.

(g) A majority of the governing board constitutes a quorum, and the concurrence of a majority of the governing board is necessary to authorize any action.

(h) The terms established under subsection (d) for the administration of the local venture capital fund must be submitted to the Indiana economic development corporation for approval before a unit may contribute to the fund.

(i) A majority of members of a governing board of a local venture capital fund established under this section must have at least five (5) years of experience in business, finance, or venture capital.

(j) The governing board of the fund may loan or grant money from the fund to a private or public entity if the governing board finds that the loan or grant will be used by the borrower or grantee for at least one (1) of the following economic development purposes:

- (1) To promote significant employment opportunities for the residents of the unit establishing the local venture capital fund.
- (2) To attract a major new business enterprise to the unit.
- (3) To develop, retain, or expand a significant business enterprise in the unit.

(k) The expenditures of a borrower or grantee of money from a local venture capital fund that are considered to be for an economic development purpose include expenditures for any of the following:

- (1) Research and development of technology.
- (2) Job training and education.
- (3) Acquisition of property interests.
- (4) Infrastructure improvements.
- (5) New buildings or structures.
- (6) Rehabilitation, renovation, or enlargement of buildings or structures.
- (7) Machinery, equipment, and furnishings.
- (8) Funding small business development with respect to:
  - (A) prototype products or processes;
  - (B) marketing studies to determine the feasibility of new products or processes; or
  - (C) business plans for the development and production of new products or processes.

*As added by P.L.137-2006, SEC.13.*

#### **IC 6-3.5-7-14**

##### **Bonds; debt service requirements; sale; covenant protecting bondholders**

Sec. 14. (a) The fiscal body of a county, city, or town may issue bonds payable from the county economic development income tax. The bonds must be for economic development projects (as defined in section 13.1 of this chapter).

(b) The fiscal body of a county, city, or town may issue bonds payable from the county economic development income tax for any capital project for which the fiscal body is authorized to issue general

obligation bonds. The bonds issued under this section may be payable from the county economic development income tax if the county option income tax or the county adjusted gross income tax is also in effect in the county at the time the bonds are issued.

(c) If there are bonds outstanding that have been issued under this section, or leases in effect under section 21 of this chapter, the body that imposed the county economic development income tax may not reduce the county economic development income tax rate below a rate that would produce one and twenty-five hundredths (1.25) times the total of the highest annual debt service on the bonds to their final maturity, plus the highest annual lease payments, unless:

(1) the body that imposed the economic development income tax; or

(2) any city, town, or county;

pledges all or a portion of its distributive share for the life of the bonds or the term of the lease, in an amount that is sufficient, when combined with the amount pledged by the city, town, or county that issued the bonds, to produce one and twenty-five hundredths (1.25) times the total of the highest annual debt service plus the highest annual lease payments.

(d) For purposes of subsection (c), the determination of a tax rate sufficient to produce one and twenty-five hundredths (1.25) times the total of the highest annual debt service plus the highest annual lease payments shall be based on an average of the immediately preceding three (3) years tax collections, if the tax has been imposed for the last preceding three (3) years. If the tax has not been imposed for the last preceding three (3) years, the body that imposed the tax may not reduce the rate below a rate that would produce one and twenty-five hundredths (1.25) times the total of the highest annual debt service, plus the highest annual lease payments, based upon a study by a qualified public accountant or financial advisor.

(e) IC 6-1.1-20 does not apply to the issuance of bonds under this section.

(f) Bonds issued under this section may be sold at a public sale in accordance with IC 5-1-11 or may be sold at a negotiated sale.

(g) After a sale of bonds under this section, the county auditor shall prepare a debt service schedule for the bonds.

(h) The general assembly covenants that it will not repeal or amend this chapter in a manner that would adversely affect owners of outstanding bonds issued, or payment of any lease rentals due, under this section.

*As added by P.L.380-1987(ss), SEC.6. Amended by P.L.2-1989, SEC.19; P.L.1-1990, SEC.82; P.L.19-1994, SEC.11.*

### **IC 6-3.5-7-15**

#### **Capital improvement plan; retention of certified distribution pending adoption of plan; components of plan**

Sec. 15. (a) The executive of a county, city, or town may, subject to the use of the certified distribution permitted under section 26 of this chapter:



(1) adopt a capital improvement plan specifying the uses of the revenues to be received under this chapter; or

(2) designate the county or a city or town in the county as the recipient of all or a part of its share of the distribution.

(b) If a designation is made under subsection (a)(2), the county treasurer shall transfer the share or part of the share to the designated unit unless that unit does not have a capital improvement plan.

(c) A county, city, or town that fails to adopt a capital improvement plan may not receive:

(1) its fractional amount of the certified distribution; or

(2) any amount designated under subsection (a)(2);

for the year or years in which the unit does not have a plan. The county treasurer shall retain the certified distribution and any designated distribution for such a unit in a separate account until the unit adopts a plan. Interest on the separate account becomes part of the account. If a unit fails to adopt a plan for a period of three (3) years, then the balance in the separate account shall be distributed to the other units in the county based on property taxes first due and payable to the units during the calendar year in which the three (3) year period expires.

(d) A capital improvement plan must include the following components:

(1) Identification and general description of each project that would be funded by the county economic development income tax.

(2) The estimated total cost of the project.

(3) Identification of all sources of funds expected to be used for each project.

(4) The planning, development, and construction schedule of each project.

(e) A capital improvement plan:

(1) must encompass a period of no less than two (2) years; and

(2) must incorporate projects the cost of which is at least seventy-five percent (75%) of the fractional amount certified distribution expected to be received by the county, city, or town in that period of time.

(f) In making a designation under subsection (a)(2), the executive must specify the purpose and duration of the designation. If the designation is made to provide for the payment of lease rentals or bond payments, the executive may specify that the designation and its duration are irrevocable.

*As added by P.L.380-1987(ss), SEC.6. Amended by P.L.22-1988, SEC.8; P.L.17-1991, SEC.10; P.L.192-2002(ss), SEC.124; P.L.1-2003, SEC.45; P.L.137-2012, SEC.100.*

### **IC 6-3.5-7-16**

#### **Certified distribution dates; distribution by warrant**

Sec. 16. (a) One-twelfth (1/12) of each county's certified distribution for a calendar year shall be distributed from its account established under section 10 of this chapter to the appropriate county

treasurer on the first regular business day of each month of that calendar year.

(b) All distributions from an account established under section 10 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

*As added by P.L.380-1987(ss), SEC.6. Amended by P.L.157-2002, SEC.3; P.L.192-2002(ss), SEC.125; P.L.77-2011, SEC.29; P.L.119-2012, SEC.50; P.L.137-2012, SEC.101.*

### **IC 6-3.5-7-16.5**

#### **Timing of income tax distributions within the county**

Sec. 16.5. (a) The county auditor shall timely distribute the certified distribution received under section 12 of this chapter to each city and town that is a recipient of a certified distribution.

(b) A distribution is considered to be timely made if the distribution is made not later than ten (10) working days after the date the county treasurer receives the county's certified distribution under section 12 of this chapter.

*As added by P.L.26-2009, SEC.3.*

### **IC 6-3.5-7-17**

#### **Residence or principal place of business; determination**

Sec. 17. (a) For purposes of this chapter, an individual shall be treated as a resident of the county in which the individual:

- (1) maintains a home if the individual maintains only one (1) home in Indiana;
- (2) if subdivision (1) does not apply, is registered to vote;
- (3) if subdivision (1) or (2) does not apply, registers the individual's personal automobile; or
- (4) if subdivision (1), (2), or (3) does not apply, spends the majority of the individual's time in Indiana during the taxable year in question.

(b) The residence or principal place of business or employment of an individual is to be determined on January 1 of the calendar year in which the individual's taxable year commences. If an individual changes location of residence or principal place of employment or business to another county in Indiana during a calendar year, the individual's liability for county economic development income tax is not affected.

(c) Notwithstanding subsection (b), if an individual becomes a county taxpayer for purposes of IC 36-7-27 during a calendar year because the individual:

- (1) changes the location of the individual's residence to a county in which the individual begins employment or business at a qualified economic development tax project (as defined in IC 36-7-27-9); or
- (2) changes the location of the individual's principal place of employment or business to a qualified economic development tax project and does not reside in another county in which the county economic development income tax is in effect;

the individual's adjusted gross income attributable to employment or business at the qualified economic development tax project is taxable only by the county containing the qualified economic development tax project.

*As added by P.L.380-1987(ss), SEC.6. Amended by P.L.44-1994, SEC.9.*

### **IC 6-3.5-7-17.3**

#### **Distribution of excess balance; use**

Sec. 17.3. (a) If the budget agency determines that the balance in a county trust account exceeds fifty percent (50%) of the certified distributions to be made to the county in the ensuing year, the budget agency shall make a supplemental distribution to the county from the county's special account.

(b) A supplemental distribution described in subsection (a) must be:

- (1) made in January of the ensuing calendar year; and
- (2) allocated in the same manner as certified distributions for deposit in a civil unit's rainy day fund established under IC 36-1-8-5.1. However, the part of a supplemental distribution that is attributable to an additional rate authorized under this chapter:
  - (A) shall be used for the purpose specified in the statute authorizing the additional rate; and
  - (B) is not required to be deposited in the unit's rainy day fund.

The amount of the supplemental distribution is equal to the amount by which the balance in the county trust account exceeds fifty percent (50%) of the certified distributions to be made to the county in the ensuing year.

(c) A determination under this section must be made before October 2.

(d) Any income earned on money held in a trust account established for a county under this chapter shall be deposited in that trust account.

*As added by P.L.178-2002, SEC.70. Amended by P.L.267-2003, SEC.14; P.L.182-2009(ss), SEC.230; P.L.229-2011, SEC.93; P.L.261-2013, SEC.31.*

### **IC 6-3.5-7-18**

#### **Application of adjusted gross income tax law and other statutory provisions; withholdings report**

Sec. 18. (a) Except as otherwise provided in this chapter, all provisions of the adjusted gross income tax law (IC 6-3) concerning:

- (1) definitions;
- (2) declarations of estimated tax;
- (3) filing of returns;
- (4) remittances;
- (5) incorporation of the provisions of the Internal Revenue Code;

(6) penalties and interest;  
(7) exclusion of military pay credits for withholding; and  
(8) exemptions and deductions;  
apply to the imposition, collection, and administration of the tax imposed by this chapter.

(b) The provisions of IC 6-3-1-3.5(a)(6), IC 6-3-3-3, IC 6-3-3-5, and IC 6-3-5-1 do not apply to the tax imposed by this chapter.

(c) Notwithstanding subsections (a) and (b), each employer shall report to the department the amount of withholdings attributable to each county. This report shall be submitted to the department:

- (1) each time the employer remits to the department the tax that is withheld; and
- (2) annually along with the employer's annual withholding report.

*As added by P.L.380-1987(ss), SEC.6. Amended by P.L.57-1997, SEC.6; P.L.146-2008, SEC.348.*

#### **IC 6-3.5-7-19**

##### **Repealed**

*(Repealed by P.L.267-2003, SEC.16.)*

#### **IC 6-3.5-7-20**

##### **Listed tax and income tax status for tax administration purposes**

Sec. 20. The economic development income tax is a listed tax and an income tax for the purposes of IC 6-8.1.

*As added by P.L.380-1987(ss), SEC.6.*

#### **IC 6-3.5-7-21**

##### **Leases; terms; public hearing; approval; execution; notice; action contesting validity; purchase of leased facility**

Sec. 21. (a) A unit may enter into a lease with a leasing body (as defined in IC 5-1-1-1) of any property that could be financed with the proceeds of bonds issued under this chapter with a lessor for a term not to exceed fifty (50) years, and the lease may provide for payments from revenues under this chapter, any other revenue available to the unit, or any combination of these sources.

(b) A lease may provide that payments by the unit to the lessor are required only to the extent and only for the period that the lessor is able to provide the leased facilities in accordance with the lease. The terms of each lease must be based upon the value of the facilities leased and may not create a debt of the unit for purposes of the Constitution of the State of Indiana.

(c) A lease may be entered into by the executive of the unit only after a public hearing at which all interested parties are provided the opportunity to be heard. After the public hearing, the executive may approve the execution of the lease on behalf of the unit if the executive finds that the service to be provided throughout the term of the lease will serve the public purpose of the unit and is in the best interests of its residents. Any lease approved by the executive must also be approved by an ordinance of the fiscal body of the unit.

(d) Upon execution of a lease providing for payments by the unit in whole or in part from taxes under this chapter and upon approval of the lease by the unit's fiscal body, the executive of the unit shall publish notice of the execution of the lease and its approval in accordance with IC 5-3-1.

(e) Except as provided in this section, no approvals of any governmental body or agency are required before the unit enters into a lease under this section.

(f) An action to contest the validity of the lease or to enjoin the performance of any of its terms and conditions must be brought within thirty (30) days after the publication of the notice of the execution and approval of the lease.

(g) If a unit exercises an option to buy a leased facility from a lessor, the unit may subsequently sell the leased facility, without regard to any other statute, to the lessor at the end of the lease term at a price set forth in the lease or at fair market value established at the time of the sale by the executive of the unit through auction, appraisal, or arms length negotiation. If the facility is sold at auction, after appraisal, or through negotiation, the unit shall conduct a hearing after public notice in accordance with IC 5-3-1 before the sale. Any action to contest the sale must be brought within fifteen (15) days of the hearing.

*As added by P.L.380-1987(ss), SEC.6. Amended by P.L.28-1993, SEC.10; P.L.99-1995, SEC.4.*

#### **IC 6-3.5-7-22**

##### **Repealed**

*(Repealed by P.L.137-2012, SEC.102.)*

#### **IC 6-3.5-7-22.5**

##### **Randolph County; additional rate for hospital, county courthouse, and volunteer fire department**

Sec. 22.5. (a) This section applies to Randolph County.

(b) In addition to the rates permitted by section 5 of this chapter, the county council may impose the county economic development income tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers if the county council makes the finding and determination set forth in subsection (c).

(c) In order to impose the county economic development income tax as provided in this section, the county council must adopt an ordinance finding and determining that revenues from the county economic development income tax are needed to pay the costs of:

(1) financing, constructing, acquiring, renovating, and equipping the county courthouse, and financing and renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions, including the repayment of bonds issued, or leases entered into for constructing, acquiring, renovating, and equipping the county courthouse and for renovating the former county hospital for additional office space, educational

facilities, nonsecure juvenile facilities, and other county functions;

(2) financing constructing, acquiring, renovating, and equipping buildings for a volunteer fire department (as defined in IC 36-8-12-2) that provides services in any part of the county; and

(3) financing constructing, acquiring, and renovating firefighting apparatus or other related equipment for a volunteer fire department (as defined in IC 36-8-12-2) that provides services in any part of the county.

(d) If the county council makes a determination under subsection (c), the county council may adopt a tax rate under subsection (b). The tax rate may not be imposed at a rate or for a time greater than is necessary to pay for the purposes described in this section.

(e) The county treasurer shall establish a county option tax revenue fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the tax rate imposed under this section shall be deposited in the county option tax revenue fund before making a certified distribution under section 11 of this chapter.

(f) County economic development income tax revenues derived from the tax rate imposed under this section:

(1) may only be used for the purposes described in this section;

(2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and

(3) may be pledged to the repayment of bonds issued, or leases entered into, for the purposes described in subsection (c).

(g) Randolph County possesses:

(1) unique fiscal challenges to finance the operations of county government due to the county's ongoing obligation to repay amounts received by the county due to an overpayment of the county's certified distribution under IC 6-3.5-1.1-9 for a prior year; and

(2) unique capital financing needs related to the purposes described in subsection (c).

*As added by P.L.185-2001, SEC.4; P.L.291-2001, SEC.180 and P.L.291-2001, SEC.198. Amended by P.L.90-2002, SEC.299; P.L.224-2003, SEC.258; P.L.90-2004, SEC.3; P.L.119-2012, SEC.51.*

### **IC 6-3.5-7-23**

#### **Hancock County; library property taxes; replacement credits**

Sec. 23. (a) This section applies only to Hancock County.

(b) The county council may by ordinance determine that, in order to promote the development of libraries in the county and thereby encourage economic development, it is necessary to use economic development income tax revenue to replace library property taxes in the county. However, a county council may adopt an ordinance under this subsection only if all territory in the county is included in a

library district.

(c) If the county council makes a determination under subsection (b), the county council may designate the county economic development income tax revenue generated by the tax rate adopted under section 5 of this chapter, or revenue generated by a portion of the tax rate, as revenue that will be used to replace public library property taxes imposed by public libraries in the county. The county council may not designate for library property tax replacement purposes any county economic development income tax revenue that is generated by a tax rate of more than fifteen-hundredths percent (0.15%).

(d) The county treasurer shall establish a library property tax replacement fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the portion of the tax rate designated for property tax replacement credits under subsection (c) shall be deposited in the library property tax replacement fund before certified distributions are made under section 12 of this chapter. Any interest earned on money in the library property tax replacement fund shall be credited to the library property tax replacement fund.

(e) The amount of county economic development income tax revenue dedicated to providing library property tax replacement credits shall, in the manner prescribed in this section, be allocated to public libraries operating in the county and shall be used by those public libraries as property tax replacement credits. The amount of property tax replacement credits that each public library in the county is entitled to receive during a calendar year under this section equals the lesser of:

(1) the product of:

(A) the amount of revenue deposited by the county auditor in the library property tax replacement fund; multiplied by

(B) a fraction described as follows:

(i) The numerator of the fraction equals the sum of the total property taxes that would have been collected by the public library during the previous calendar year from taxpayers located within the library district if the property tax replacement under this section had not been in effect.

(ii) The denominator of the fraction equals the sum of the total property taxes that would have been collected during the previous year from taxpayers located within the county by all public libraries that are eligible to receive property tax replacement credits under this section if the property tax replacement under this section had not been in effect;

or

(2) the total property taxes that would otherwise be collected by the public library for the calendar year if the property tax replacement credit under this section were not in effect.

The department of local government finance shall make any adjustments necessary to account for the expansion of a library district. However, a public library is eligible to receive property tax

replacement credits under this section only if it has entered into reciprocal borrowing agreements with all other public libraries in the county. If the total amount of county economic development income tax revenue deposited by the county auditor in the library property tax replacement fund for a calendar year exceeds the total property tax liability that would otherwise be imposed for public libraries in the county for the year, the excess shall remain in the library property tax replacement fund and shall be used for library property tax replacement purposes in the following calendar year.

(f) Notwithstanding subsection (e), if a public library did not impose a property tax levy during the previous calendar year, that public library is entitled to receive a part of the property tax replacement credits to be distributed for the calendar year. The amount of property tax replacement credits the public library is entitled to receive during the calendar year equals the product of:

- (1) the amount of revenue deposited in the library property tax replacement fund; multiplied by
- (2) a fraction. The numerator of the fraction equals the budget of the public library for that calendar year. The denominator of the fraction equals the aggregate budgets of public libraries in the county for that calendar year.

If for a calendar year a public library is allocated a part of the property tax replacement credits under this subsection, then the amount of property tax credits distributed to other public libraries in the county for the calendar year shall be reduced by the amount to be distributed as property tax replacement credits under this subsection. The department of local government finance shall make any adjustments required by this subsection and provide the adjustments to the county auditor.

(g) The department of local government finance shall inform the county auditor of the amount of property tax replacement credits that each public library in the county is entitled to receive under this section. The county auditor shall certify to each public library the amount of property tax replacement credits that the public library is entitled to receive during that calendar year. The county auditor shall also certify these amounts to the county treasurer.

(h) A public library receiving property tax replacement credits under this section shall allocate the credits among each fund for which a distinct property tax levy is imposed. The amount that must be allocated to each fund equals:

- (1) the amount of property tax replacement credits provided to the public library under this section; multiplied by
- (2) the amount determined in STEP THREE of the following formula:

STEP ONE: Determine the property taxes that would have been collected for each fund by the public library during the previous calendar year if the property tax replacement under this section had not been in effect.

STEP TWO: Determine the sum of the total property taxes that would have been collected for all funds by the public



library during the previous calendar year if the property tax replacement under this section had not been in effect.

STEP THREE: Divide the STEP ONE amount by the STEP TWO amount.

However, if a public library did not impose a property tax levy during the previous calendar year or did not impose a property tax levy for a particular fund during the previous calendar year, but the public library is imposing a property tax levy in the current calendar year or is imposing a property tax levy for the particular fund in the current calendar year, the department of local government finance shall adjust the amount of property tax replacement credits allocated among the various funds of the public library and shall provide the adjustment to the county auditor. If a public library receiving property tax replacement credits under this section does not impose a property tax levy for a particular fund that is first due and payable in a calendar year in which the property tax replacement credits are being distributed, the public library is not required to allocate to that fund a part of the property tax replacement credits to be distributed to the public library. Notwithstanding IC 6-1.1-20-1.1(1), a public library that receives property tax replacement credits under this section is subject to the procedures for the issuance of bonds set forth in IC 6-1.1-20.

(i) For each public library that receives property tax credits under this section, the department of local government finance shall certify to the county auditor the property tax rate applicable to each fund after the property tax replacement credits are allocated.

(j) A public library shall treat property tax replacement credits received during a particular calendar year under this section as a part of the public library's property tax levy for each fund for that same calendar year for purposes of fixing the public library's budget and for purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

(k) For the purpose of computing and distributing certified distributions under IC 6-3.5-1.1 and tax revenue under IC 6-5.5 or IC 6-6-5, the property tax replacement credits that are received under this section shall be treated as though they were property taxes that were due and payable during that same calendar year.

*As added by P.L.124-1999, SEC.3. Amended by P.L.90-2002, SEC.300; P.L.87-2002, SEC.1; P.L.192-2002(ss), SEC.126; P.L.146-2008, SEC.349; P.L.119-2012, SEC.52.*

#### **IC 6-3.5-7-24**

#### **Knox County; additional rate for county jail facilities; fund; use of additional revenue**

Sec. 24. (a) This section applies to Knox County.

(b) In addition to the rates permitted by section 5 of this chapter, the county council may impose the county economic development income tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers if the county council makes the finding and determination set forth in subsection (c).

(c) In order to impose the county economic development income

tax as provided in this section, the county council must adopt an ordinance finding and determining that revenues from the county economic development income tax are needed to pay the costs of financing, constructing, acquiring, renovating, and equipping a county jail including the repayment of bonds issued, or leases entered into, for constructing, acquiring, renovating, and equipping a county jail.

(d) If the county council makes a determination under subsection (c), the county council may adopt a tax rate under subsection (b). The tax rate may not be imposed at a rate or for a time greater than is necessary to pay the costs of financing, constructing, acquiring, renovating, and equipping a county jail.

(e) The county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making a certified distribution under section 11 of this chapter.

(f) County economic development income tax revenues derived from the tax rate imposed under this section:

- (1) may only be used for the purposes described in this section;
- (2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and
- (3) may be pledged to the repayment of bonds issued, or leases entered into, for the purposes described in subsection (c).

*As added by P.L.178-2002, SEC.71. Amended by P.L.119-2012, SEC.53.*

### **IC 6-3.5-7-25**

#### **Repealed**

*(Repealed by P.L.137-2012, SEC.103.)*

### **IC 6-3.5-7-25.5**

#### **Repealed**

*(Repealed by P.L.137-2012, SEC.104.)*

### **IC 6-3.5-7-26**

#### **Additional tax rate to mitigate effect of inventory deduction; additional rate for public transportation**

Sec. 26. (a) This section applies only to the following:

- (1) Taxes imposed under this chapter to provide homestead and property tax replacement credits for property taxes first due and payable after calendar year 2006.
- (2) Taxes imposed under this chapter to fund a public transportation project under subsection (m).

(b) The following definitions apply throughout this section:

- (1) "Adopt" includes amend.
- (2) "Adopting entity" means:
  - (A) the entity that adopts an ordinance under

IC 6-1.1-12-41(f); or

(B) any other entity that may impose a county economic development income tax under section 5 of this chapter.

(3) "Homestead" refers to tangible property that is eligible for a homestead credit under IC 6-1.1-20.9 (repealed) or the standard deduction under IC 6-1.1-12-37.

(4) "Residential" refers to the following:

(A) Real property, a mobile home, and industrialized housing that would qualify as a homestead if the taxpayer had filed for a homestead credit under IC 6-1.1-20.9 (repealed) or the standard deduction under IC 6-1.1-12-37.

(B) Real property not described in clause (A) designed to provide units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more, regardless of whether the tangible property is subject to assessment under rules of the department of local government finance that apply to:

(i) residential property; or

(ii) commercial property.

(c) This subsection does not apply to a county in which the county fiscal body adopts an ordinance to provide for the use of the certified distribution described in section 16 of this chapter to fund a public transportation project under IC 8-25. An adopting entity may adopt an ordinance to provide for the use of the certified distribution described in section 16 of this chapter for the purpose provided in subsection (e). An adopting entity that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. The ordinance may provide for an additional rate under section 5(o) of this chapter. An ordinance adopted under this subsection:

(1) first applies to the certified distribution described in section 16 of this chapter made in the later of the calendar year that immediately succeeds the calendar year in which the ordinance is adopted or calendar year 2007; and

(2) must specify that the certified distribution must be used to provide for one (1) of the following, as determined by the adopting entity:

(A) Uniformly applied homestead credits as provided in subsection (f).

(B) Uniformly applied residential credits as provided in subsection (g).

(C) Allocated homestead credits as provided in subsection (i).

(D) Allocated residential credits as provided in subsection (j).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 25 of this chapter (before its repeal).

(d) If an ordinance is adopted under subsection (c), the percentage

of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

- (1) retained by the county auditor under subsection (k); and
- (2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the adopting entity shall use the certified distribution described in section 16 of this chapter to provide:

- (1) if the ordinance grants a credit described in subsection (c)(2)(A) or (c)(2)(C), a homestead credit for homesteads; or
- (2) if the ordinance grants a credit described in subsection (c)(2)(B) or (c)(2)(D), a property tax replacement credit for residential property;

for property taxes to offset the effect on homesteads or residential property, as applicable, in the county resulting from the statewide deduction for inventory under IC 6-1.1-12-42 or from the exclusion in 2008 of inventory from the definition of personal property in IC 6-1.1-1-11. The amount of a residential property tax replacement credit granted under this section may not be considered in computing the amount of any homestead credit to which the residential property may be entitled under IC 6-1.1-20.9 (before its repeal) or another law other than IC 6-1.1-20.6.

(f) If the imposing entity specifies the application of uniform homestead credits under subsection (c)(2)(A), the county auditor shall, for each calendar year in which a homestead credit percentage is authorized under this section, determine:

- (1) the amount of the certified distribution that is available to provide a homestead credit percentage under this section for the year;
- (2) the amount of uniformly applied homestead credits for the year in the county that equals the amount determined under subdivision (1); and
- (3) the percentage of homestead credit under this section that equates to the amount of homestead credits determined under subdivision (2).

(g) If the imposing entity specifies the application of uniform residential credits under subsection (c)(2)(B), the county auditor shall determine for each calendar year in which a homestead credit percentage is authorized under this section:

- (1) the amount of the certified distribution that is available to provide a residential property tax replacement credit percentage for the year;
- (2) the amount of uniformly applied residential property tax replacement credits for the year in the county that equals the amount determined under subdivision (1); and
- (3) the percentage of residential property tax replacement credit under this section that equates to the amount of residential property tax replacement credits determined under subdivision (2).

(h) The percentage of homestead credit determined by the county auditor under subsection (f) or the percentage of residential property tax replacement credit determined by the county auditor under subsection (g) applies uniformly in the county in the calendar year for which the percentage is determined.

(i) If the imposing entity specifies the application of allocated homestead credits under subsection (c)(2)(C), the county auditor shall, for each calendar year in which a homestead credit is authorized under this section, determine:

- (1) the amount of the certified distribution that is available to provide a homestead credit under this section for the year; and
- (2) except as provided in subsection (1), a percentage of homestead credit for each taxing district in the county that allocates to the taxing district an amount of homestead credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the assessment date in 2006 bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the assessment date in 2006.

(j) If the imposing entity specifies the application of allocated residential property tax replacement credits under subsection (c)(2)(D), the county auditor shall determine for each calendar year in which a residential property tax replacement credit is authorized under this section:

- (1) the amount of the certified distribution that is available to provide a residential property tax replacement credit under this section for the year; and
- (2) except as provided in subsection (1), a percentage of residential property tax replacement credit for each taxing district in the county that allocates to the taxing district an amount of residential property tax replacement credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the assessment date in 2006 bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the assessment date in 2006.

(k) This subsection does not apply to a county in which the county fiscal body adopts an ordinance to provide for the use of the certified distribution described in section 16 of this chapter to fund a public transportation project under IC 8-25. The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the homestead credit or residential property tax replacement credit provided under this section within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

- (1) as if the money were from property tax collections; and
- (2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of a homestead credit or residential property tax

replacement credit under this section.

(l) This subsection does not apply to a county in which the county fiscal body adopts an ordinance to provide for the use of the certified distribution described in section 16 of this chapter to fund a public transportation project under IC 8-25. Subject to the approval of the imposing entity, the county auditor may adjust the increased percentage of:

(1) homestead credit determined under subsection (i)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the homesteads in the county; or

(2) residential property tax replacement credit determined under subsection (j)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the residential property in the county.

(m) This section applies to Hamilton County and Marion County. If the voters of a county approve a local public question under IC 8-25-2, the fiscal body of the county may adopt an ordinance to provide for the use of the certified distribution described in section 16 of this chapter to fund a public transportation project under IC 8-25. However, a county fiscal body shall adopt an ordinance under this subsection if required by IC 8-25-6-10 to impose an additional tax rate on the county taxpayers who reside in a township in which the voters approve a public transportation project in a local public question held under IC 8-25-6. An ordinance adopted under this subsection must specify an additional tax rate to be imposed in the county (or township in the case of an additional rate required by IC 8-25-6-10) of at least one-tenth percent (0.1%), but not more than twenty-five hundredths percent (0.25%). If an ordinance is adopted under this subsection, the amount of the certified distribution attributable to the additional tax rate specified in the ordinance and authorized by section 5(o) of this chapter to fund a public transportation project under IC 8-25 must be:

(1) retained by the county auditor;

(2) deposited in the public transportation project fund established under IC 8-25-3-7; and

(3) used for the purpose provided in this subsection instead of the purposes specified in the capital improvement plan adopted under section 15 of this chapter.

*As added by P.L.192-2002(ss), SEC.128. Amended by P.L.1-2003, SEC.46; P.L.272-2003, SEC.6; P.L.97-2004, SEC.33; P.L.199-2005, SEC.26; P.L.162-2006, SEC.34; P.L.224-2007, SEC.91; P.L.146-2008, SEC.350; P.L.77-2011, SEC.30; P.L.137-2012, SEC.105; P.L.153-2014, SEC.14.*

### **IC 6-3.5-7-27**

#### **Additional tax rate to finance courthouse; county facilities revenue fund; nonreverting fund for operating costs**

Sec. 27. (a) This section applies to a county that:

(1) operates a courthouse that is subject to an order that:

- (A) is issued by a federal district court;
- (B) applies to an action commenced before January 1, 2003;
- and
- (C) requires the county to comply with the federal Americans with Disabilities Act; and

(2) has insufficient revenues to finance the construction, acquisition, improvement, renovation, equipping, and operation of the courthouse facilities and related facilities.

(b) A county described in this section possesses unique fiscal challenges in financing, renovating, equipping, and operating the county courthouse facilities and related facilities because the county consistently has one (1) of the highest unemployment rates in Indiana. Maintaining low property tax rates is essential to economic development in the county. The use of economic development income tax revenues under this section for the purposes described in subsection (c) promotes that purpose.

(c) In addition to actions authorized by section 5 of this chapter, a county council may, using the procedures set forth in this chapter, adopt an ordinance to impose an additional county economic development income tax on the adjusted gross income of county taxpayers. The ordinance imposing the additional tax must include a finding that revenues from additional tax are needed to pay the costs of:

- (1) constructing, acquiring, improving, renovating, equipping, or operating the county courthouse or related facilities;
- (2) repaying any bonds issued, or leases entered into, for constructing, acquiring, improving, renovating, equipping, or operating the county courthouse or related facilities; and
- (3) economic development projects described in the county's capital improvement plan.

(d) The tax rate imposed under this section may not exceed twenty-five hundredths percent (0.25%).

(e) If the county council adopts an ordinance to impose an additional tax under this section, the county auditor shall, not more than ten (10) days after the vote, send a certified copy of the ordinance to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency. The county treasurer shall establish a county facilities revenue fund to be used only for the purposes described in subsection (c)(1) and (c)(2). The amount of county economic development income tax revenues derived from the tax rate imposed under this section that are necessary to pay the costs described in subsection (c)(1) and (c)(2) shall be deposited into the county facilities revenue fund before a certified distribution is made under section 12 of this chapter. The remainder shall be deposited into the economic development income tax funds of the county's units.

(f) County economic development income tax revenues derived from the tax rate imposed under this section may not be used for purposes other than those described in this section.

(g) County economic development income tax revenues derived from the tax rate imposed under this section that are deposited into the county facilities revenue fund may not be considered by the department of local government finance in determining the county's ad valorem property tax levy for an ensuing calendar year under IC 6-1.1-18.5.

(h) Notwithstanding any other law, funds accumulated from the county economic development income tax imposed under this section and deposited into the county facilities revenue fund or any other revenues of the county may be deposited into a nonreverting fund of the county to be used for operating costs of the courthouse facilities, juvenile detention facilities, or related facilities. Amounts in the county nonreverting fund may not be used by the department of local government finance to reduce the county's ad valorem property tax levy for an ensuing calendar year under IC 6-1.1-18.5.

*As added by P.L.224-2003, SEC.257. Amended by P.L.97-2004, SEC.34; P.L.224-2007, SEC.92; P.L.77-2011, SEC.31; P.L.137-2012, SEC.106; P.L.261-2013, SEC.32.*

### **IC 6-3.5-7-27.5**

#### **Perry County; additional rate**

Sec. 27.5. (a) This section applies to Perry County.

(b) Perry County possesses unique governmental and economic development challenges due to:

- (1) underemployment in relation to similarly situated counties and the loss of a major manufacturing business; and
- (2) overcrowding of the county jail, the costs associated with housing the county's inmates outside the county, and the potential unavailability of additional housing for inmates outside the county.

The use of county economic development income tax revenue under this section is necessary for the county to provide adequate jail capacity in the county and to maintain low property tax rates essential to economic development. The use of the economic development income tax revenues under this section for the purposes described in subsection (c) promotes that purpose.

(c) The county council may, by ordinance, determine that additional county economic development income tax revenue is needed in the county to:

- (1) finance, construct, acquire, improve, renovate, remodel, or equip the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs; and
- (2) repay bonds issued or leases entered into for constructing, acquiring, improving, renovating, remodeling, and equipping the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs.

(d) In addition to the rates permitted under section 5 of this



chapter, the county council may impose the county economic development income tax at a rate not to exceed five-tenths percent (0.5%) on the adjusted gross income of county taxpayers. The ordinance imposing the additional tax must include the determination described in subsection (c). The tax imposed under this section may be imposed only until the later of the year in which the financing on, acquisition, improvement, renovation, remodeling, and equipping described in subsection (c) are completed or the year in which the last of any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, remodeling, and equipping described in subsection (b)(1) is fully paid. The term of the bonds issued (including any refunding bonds) or a lease entered into under subsection (c)(2) may not exceed twenty-five (25) years.

(e) If the county council makes a determination under subsection (c), the county council may adopt a tax rate under subsection (d). The tax rate may not be imposed at a rate greater than is necessary to pay the costs of financing, acquiring, improving, renovating, remodeling, and equipping the county jail and related buildings and parking, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs.

(f) The county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making a certified distribution under section 11 of this chapter.

(g) County economic development income tax revenues derived from the tax rate imposed under this section:

- (1) may be used only for the purposes described in this section;
- (2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and
- (3) may be pledged to the repayment of bonds issued or leases entered into for the purposes described in subsection (c).

(h) Notwithstanding any other law, funds accumulated from the county economic development income tax imposed under this section after:

- (1) the redemption of bonds issued; or
- (2) the final payment of lease rentals due under a lease entered into under this section;

shall be transferred to the county highway fund to be used for construction, resurfacing, restoration, and rehabilitation of county highways, roads, and bridges.

*As added by P.L.199-2011, SEC.4.*

### **IC 6-3.5-7-27.6**

#### **Starke County; tax rate; county jail and related buildings**

Sec. 27.6. (a) This section applies to Starke County.

(b) Starke County possesses unique governmental and economic development challenges due to:

- (1) the county's predominantly rural geography, demography, and economy;
- (2) the county's relatively low tax base and relatively high property tax rates;
- (3) the current maximum capacity of the county jail, which was constructed in 1976; and
- (4) pending federal class action litigation seeking a mandate to address capacity and living conditions in the county jail.

The use of county economic development income tax revenue under this section is necessary for the county to address jail capacity and appropriate inmate living conditions and to maintain low property tax rates essential to economic development. The use of the economic development income tax revenue under this section for the purposes described in subsections (c) and (d) promotes that purpose.

(c) The county council may, by ordinance, determine that additional county economic development income tax revenue is needed in the county to:

- (1) finance, construct, acquire, and equip the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs; and
- (2) repay bonds issued or leases entered into for constructing, acquiring, and equipping the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs.

(d) The county council may, by ordinance, determine that additional county economic development income tax revenue is needed in the county to operate or maintain the facilities described in subsection (c)(1) that are located in the county. The county council may make a determination under this subsection and under subsection (c).

(e) In addition to the rates permitted by section 5 of this chapter, the county council may, subject to subsections (f) and (g), impose the county economic development income tax at a rate not to exceed sixty-five hundredths percent (0.65%) on the adjusted gross income of county taxpayers if the county council:

- (1) makes the determination described in subsection (c); or
- (2) makes both the determination described in subsection (c) and the determination described in subsection (d).

(f) If the county council makes only the determination under subsection (c), the county council may adopt a tax rate under subsection (e). The tax rate may not exceed the lesser of:

- (1) sixty-five hundredths percent (0.65%); or
- (2) the tax rate that is necessary to pay the costs of financing, acquiring, and equipping the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs.

(g) If the county council makes both the determination under

subsection (c) and the determination under subsection (d), the county council may adopt a tax rate under subsection (e). The tax rate may not exceed the lesser of:

- (1) sixty-five hundredths percent (0.65%); or
- (2) the tax rate that is necessary to:
  - (A) pay the costs of financing, acquiring, and equipping the county jail and related buildings and parking facilities, including costs related to the demolition of existing buildings, the acquisition of land, and any other reasonably related costs; and
  - (B) provide sufficient annual revenues to operate and maintain the facilities described in subsection (c)(1).

(h) A tax rate imposed under this section may be imposed only until the later of:

- (1) the date on which the last of any bonds issued or leases entered into to finance the facilities are fully paid; or
- (2) the date on which the ordinance under subsection (c) or (d) is repealed or rescinded.

The term of the bonds issued (including any refunding bonds) or a lease entered into under subsection (c)(2) may not exceed twenty-five (25) years.

(i) The county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making a certified distribution under section 11 of this chapter.

(j) County economic development income tax revenues derived from the tax rate imposed under this section:

- (1) may be used only for the purposes described in this section;
- (2) may not be considered by the department of local government finance in determining the county's maximum permissible ad valorem property tax levy limit under IC 6-1.1-18.5; and
- (3) may be pledged to the repayment of bonds issued or leases entered into for the purposes described in subsection (c).

*As added by P.L.137-2012, SEC.107.*

### **IC 6-3.5-7-28**

#### **Additional tax rate for regional development authorities**

Sec. 28. (a) This section applies only to a county that is a member of a regional development authority under IC 36-7.6.

(b) In addition to the rates permitted by section 5 of this chapter, the entity that imposed the county economic development income tax under section 5 of this chapter (or, in the case of a county that has not imposed the county economic development income tax, the entity that may impose the county economic development income tax under section 5(a)(3) of this chapter) may by ordinance impose an additional county economic development income tax at a rate of:

- (1) in the case of a county described in IC 36-7.6-4-2(b)(2),

twenty-five thousandths of one percent (0.025%); or  
(2) in the case of any other county to which this section applies,  
five-hundredths of one percent (0.05%);  
on the adjusted gross income of county taxpayers.

(c) If an additional county economic development income tax is imposed under this section, the county treasurer shall establish a county regional development authority fund. Notwithstanding any other provision of this chapter, the county economic development income tax revenues derived from the additional county economic development income tax imposed under this section must be deposited in the county regional development authority fund before any certified distributions are made under section 12 of this chapter.

(d) County economic development income tax revenues derived from the additional county economic development income tax imposed under this section and deposited in the county regional development authority fund:

(1) shall, not more than thirty (30) days after being deposited in the county regional development authority fund, be transferred as provided in IC 36-7.6-4-2 to the development fund of the regional development authority for which the county is a member; and

(2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy under IC 6-1.1-18.5.

*As added by P.L.232-2007, SEC.5. Amended by P.L.77-2011, SEC.32; P.L.172-2011, SEC.79; P.L.137-2012, SEC.108.*

#### **IC 6-3.5-7-29**

##### **Applicability of tax rate in a township opting-in to a public transportation project**

Sec. 29. Notwithstanding any other law, if an additional tax rate imposed under sections 5(o) and 26(m) of this chapter is required by IC 8-25-6-10, the additional tax rate applies only to the county taxpayers who reside in a township in which the voters approve a local public question held under IC 8-25-6.

*As added by P.L.153-2014, SEC.15.*